

**RAILROAD COMMISSION OF TEXAS  
FORMAL COMMISSION ACTION  
DECEMBER 21, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 21<sup>st</sup> day of December 2004, commencing at 9:30 a.m. Commissioners Charles R. Matthews and Michael L. Williams were present. Chairman Carrillo was absent and Commissioner Williams presided.

- I. The Commission convened for the purpose of conducting the monthly Oil and Gas Statewide Hearing. The Commission approved and signed the order setting the lawful market demand for the month of January 2005.
- II. The Commission began consideration of matters falling within the Railroad Commission's Gas Services regulatory jurisdiction.
  - A. In consideration of Gas Utilities Docket No. 9557, the application of Woodsboro Natural Gas Corporation to change rates in the environs of the City of Woodsboro, the Commission suspended the proposed rates for a period of one hundred and fifty (150) days from the date the rates would otherwise go into effect. Suspension was recommended by Examiner John Chakales.
  - B. In consideration of Pipeline Safety Docket No. 9432, the Commission approved Direct Assessment Methodologies as part of Enbridge Processing (East Texas) L.P.'s Pipeline Integrity and Risk Management Plan. Approval was recommended by Enforcement Director Boyd Johnson.
  - C. In consideration of Pipeline Safety Docket No. 9434, the Commission approved Direct Assessment Methodologies as part of Enbridge Processing (N.E. Texas) L.P.'s Pipeline Integrity and Risk Management Plan. Approval was recommended by Enforcement Director Boyd Johnson.
- III. The Commission began consideration of matters falling within the Railroad Commission's Surface Mining regulatory jurisdiction.

- A. In consideration of Docket No. C2-0016-SC-32-C, application of Northwestern Resources Co. for Renewal/Revision/Expansion of Permit No. 32F, Jewett Mine, Freestone County, Texas, the Commission approved the application and issued Permit No. 32F for a five-year permit term. This action was recommended by Examiner Marcy J. Spraggins.
  - B. In consideration of Docket No. C3-0012-SC-09-B and C3-0005-SC-09-B, the Commission approved the applications by Farco Mining, Inc., for revisions to Premine Soil Baseline and Suitable Material Handling Plan, and Postmine Soil Suitability Determination, Permit No. 9B, Rachal Mine, Webb County, Texas. Approval was recommended by Examiner Marcy J. Spraggins.
- IV. The Commission began consideration of matters falling within the Railroad Commission's Oil and Gas regulatory jurisdiction.
- A. The Commission took the following action on applications appearing on the protested docket of the Oil and Gas Division:
    - 1. The Commission considered Docket No. 09-0240709, the application of Devon Energy Production Co., L.P. for well certification for various wells pursuant to Statewide Rule 101, Newark East (Barnett Shale) Field, Wise, Bosque, Cooke, Denton, Erath, Hood, Jack, Johnson, Montague, Palo Pinto, Parker, Tarrant, and Young Counties, Texas. Examiner Margaret Allen made the presentation. On motion of Commissioner Williams, the Commission deferred further consideration of this matter until a full commission is present.
    - 2. In consideration of Docket No. 7B-0240010, the Commission denied the application of ID, Inc., for an order to supercede the Commission's Final Order signed April 10, 1989, in Oil and Gas Docket Nos. 105400 and 7B-92985 insofar as it imposed a \$15,000 financial security requirement for the P.H. Barnes (25394) Lease, Well No. 1, Brown County Regular Field, Brown County, Texas. Denial to supercede was recommended by Examiner James Doherty.
    - 3. In consideration of Docket No. 7B-0237357, regarding the Commission-called hearing on the complaint of Boo-Row Pipe & Supply, Inc., and the improper transfer of operator of the J.W. Davis (03932) Lease, J.W. Davis Lease, Well No. 1(RRC ID No. 122630), and the J.W. Davis Lease, Well No. 13, (RRC ID No. 122631), Stephens County Regular Field, Stephens County, Texas, the Commission revoked the administratively approved Forms P-4 and recognized Squyres Oil Company, Inc. as the designated operator of these leases and wells effective from the date of original transfer of the leases and wells to Squyres Oil Company, December 1, 1996. This action was recommended by Examiner James Doherty.

4. Examiner Mark Helmueller recommended the Commission deny the appeal of Capio Oil & Gas, Inc. of the November 5, 2004 determination denying Capio's single signature P-4 requests to be recognized as the operator of the Gottschalk D. 2 (14383), Schwertner, C.J. (13815), Schwertner, C.J. (13734), Gottschalk, D. 3 (14497), and Gottschalk, E. (13574) Leases, Runnels County, Texas, currently operated by Pioneer Energy Corporation. The Commission heard comments from Mr. Bryan Reeves, representing Capio Oil & Gas, Inc. and Mr. David Dally, representing himself as an overriding royalty owner. On motion of Commissioner Matthews, the Commission voted to grant the appeal and directed the examiner to issue a notice of hearing and to conduct a hearing on this matter.
- B. The Commission approved items on the Oil and Gas Unprotested Consent Agenda, Agreed Enforcement Orders and Master Default Orders.
- V. The Commission began consideration of matters authorized by law including the administration, budget, procedures and personnel of the following divisions as presented by the division director or other authorized personnel.
  - A. Executive: Deputy Executive Director Kathy Pyka and Oil and Gas: Director Rich Varela
    1. The Commission approved a contract with Neubus, Inc. for digital imaging services to support the implementation of the new Production Reporting form and the PR module of the Oil and Gas Migration project. The Commission also approved the request to amend the Commission's FY 2005 Operating Budget to transfer \$85,000 from the Information Technology Services budget to the Oil and Gas budget to pay for contract services with Neubus, Inc.
  - B. Administration: Director Rebecca Trevino
    1. The Commission approved the FY 04 Annual Nonfinancial Report due to the Governor's Office, the Legislative Budget Board, the State Auditor's Office and the Legislative Reference Library.
  - C. Oil and Gas: Director Rich Varela
    1. The Commission approved a Purchase Order Change Notice to increase the contract dollar amount from \$182,983 to \$245,000 for requisition No. 455-5-0220 for 25 wells in Mitchell County, Texas.
    2. The Commission awarded requisition No. 455-5-0460 for the contract dollar amount of \$173,588 for 12 wells in Frio County, Texas.

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D. General Counsel Lindil Fowler

1. The Commission received a report on the status of pending Commission rulemakings.

VI. With no further business to come before the Commission, the conference was adjourned at 10:35 a.m.